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SIPDIS

SENSITIVE  
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FOR AF/S, EEB/IFD/OMA (SNOW AND FIGUEROA), AF/EPS (BRIETER  
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SUBJECT: FISCAL TRANSPARENCY - ANGOLA INPUT

REF: STATE 16737

¶1. The Government of Angola (GRA) makes its budget public on the Ministry of Finance website about two months after its approval by the National Assembly. Individual schedules break down expenditures by ministry, program and province, and public works projects. Budget documents have grown more detailed from year to year, but the 2006, 2007 and 2008 budgets still place a substantial portion of expenditures under vague headings like "administrative costs." The government has been implementing a government-wide accounting system (SIGFE, Sistema Integrado para a Gestao das Financas do Estado), but has no system to verify proper execution of planned expenditures. The Court of Accounts (Tribunal de Contas) reviews cases of official financial misconduct, but the published case load shows few convictions. Weak internal controls reflect both a lack of capacity and a lack of will. Individual officials profit from weak controls. Few government officials have university degrees and the government conducts little training. Private sector companies also have difficulties in hiring competent managers.

¶2. Most GRA revenues come from petroleum royalties and taxes on the petroleum sector. Sonangol, the national oil company, is also the industry regulator. It collects revenues directly from petroleum companies but does not publish the amounts it receives. It is audited annually, but holds the results closely. The 2006 bidding round for oil concessions was the most transparent in Angola's history. A new round is due to conclude in early April.

¶3. The USG supports a fiscal programming unit in the Ministry of Finance and has provided training to the national Bank of Angola (BNA) to improve oversight of the financial sector. Although the BNA accepted the offer of an advisor from Treasury's Office of Technical Assistance, we have not yet been able to offer an advisor because Treasury was unable to commit resources to the program. The European Union and the World Bank are also working with Finance and BNA, which have shown strong interest in raising the quality of public finance in Angola. In 2007, the Government of Angola announced that it would not enter into a formal program with the International Monetary Fund, but did agree to continue Article IV consultations with the IMF.

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